

Food Bank Coalition of San Luis Obispo County



Audited Financial Statements

Year Ended June 30, 2025



Food Bank Coalition of San Luis Obispo County
Financial Statements
Year Ended June 30, 2025

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Independent Auditors' Report

To the Board of Directors of
Food Bank Coalition of San Luis Obispo County

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Food Bank Coalition of San Luis Obispo County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank Coalition of San Luis Obispo County as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food Bank Coalition of San Luis Obispo County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Board of Directors of
Food Bank Coalition of San Luis Obispo County
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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Bank Coalition of San Luis Obispo County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Food Bank Coalition of San Luis Obispo County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Bank Coalition of San Luis Obispo County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Board of Directors of
Food Bank Coalition of San Luis Obispo County
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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of Food Bank Coalition of San Luis Obispo County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Food Bank Coalition of San Luis Obispo County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank Coalition of San Luis Obispo County's internal control over financial reporting and compliance.

GLENN BURDETTE ATTEST CORPORATION

Glenn Burdette Attest Corporation
San Luis Obispo, California

December 22, 2025

Food Bank Coalition of San Luis Obispo County
Statement of Financial Position
June 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 4,137,940
Investments	3,219,101
Quasi-endowment investments	3,668,308
Grants receivable	491,025
Accounts receivable	10,975
Contributions receivable, net of allowance	338
Other receivables	18,029
Inventories	593,901
Total current assets	12,139,617

Property and equipment, net of accumulated depreciation

4,867,014

Other assets:

Right-of-use assets - operating leases	421,555
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Total assets

\$ 17,428,186

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 108,624
Accrued compensation	152,139
Accrued vacation	73,997
Total current liabilities	334,760

Long-term liabilities:

Operating lease liabilities	80,385
Total long-term liabilities	80,385

Total liabilities

415,145

Net assets:

Without donor restrictions	16,884,466
With donor restrictions	128,575
Total net assets	17,013,041

Total liabilities and net assets

\$ 17,428,186

The accompanying notes are an integral part of these financial statements.

Food Bank Coalition of San Luis Obispo County
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Federal cash contributions	\$ 811,631	\$	\$ 811,631
Contributed federal commodities	1,259,629		1,259,629
Contributions and grants	6,508,341	134,000	6,642,341
Contributions of nonfinancial assets - food items	3,221,679		3,221,679
Contributions of nonfinancial assets - other	80,331		80,331
Program partners service fees	109,208		109,208
Investment income, net of fees	404,259		404,259
Realized and unrealized gain on investments, net	294,024		294,024
Other income	3,061		3,061
Total revenues and other support	12,692,163	134,000	12,826,163
Net assets released from restrictions	110,957	(110,957)	-
Expenses:			
Program Services:			
Cost of food purchased	1,592,855		1,592,855
Donated food distributed	3,262,788		3,262,788
Commodities distributed	1,416,852		1,416,852
Other program service costs	3,257,253		3,257,253
Total program services	9,529,748		9,529,748
Supporting Services:			
General and administration	448,857		448,857
Fundraising	530,843		530,843
Total expenses	10,509,448		10,509,448
Change in net assets	2,293,672	23,043	2,316,715
Net assets - beginning of year	14,590,794	105,532	14,696,326
Net assets - end of year	\$ 16,884,466	\$ 128,575	\$ 17,013,041

The accompanying notes are an integral part of these financial statements.

Food Bank Coalition of San Luis Obispo County
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Supporting Services		Total
		General and Administration	Fund- Raising	
Accounting Services	\$	\$ 38,522	\$	\$ 38,522
Advertising and Promotion	150,762	-	12,733	163,495
Bank Fees	2	970	43,775	44,747
Community Relations	6,612	-	2,207	8,819
Computer Expenses and Software	104,480	8,048	37,376	149,904
Contract Services	71,281	11,614	2,310	85,205
Cost of Food Purchased	1,592,855	-	-	1,592,855
Depreciation	165,922	8,897	13,345	188,164
Donated Commodities (USDA) Distributed	1,416,852	-	-	1,416,852
Donated Food Distributed	3,262,788	-	-	3,262,788
Dues and Subscriptions	20,430	371	2,244	23,045
Fundraising	-	-	82,968	82,968
Government Fees and Taxes	122,044	12,694	12,963	147,701
In-Kind Donations Expensed	72,694	935	6,402	80,031
Insurance	-	155,062	-	155,062
Legal	-	2,283	-	2,283
Miscellaneous	95	-	-	95
Office Expense	11,797	1,135	898	13,830
Repairs & Maintenance	68,185	1,165	1,748	71,098
Salaries/Wages and Related Expenses	2,120,592	195,613	258,978	2,575,183
Supplies, Printing and Postage	25,803	2,382	41,812	69,997
Telephone	14,331	1,012	1,517	16,860
Travel and Meeting Expenses	8,409	3,081	990	12,480
Utilities	66,218	4,674	7,011	77,903
Vehicle Operating Lease and Related Expenses	145,788	34	51	145,873
Warehouse Operations Expenses	81,808	365	1,515	83,688
	<u>\$ 9,529,748</u>	<u>\$ 448,857</u>	<u>\$ 530,843</u>	<u>\$ 10,509,448</u>

The accompanying notes are an integral part of these financial statements.

Food Bank Coalition of San Luis Obispo County
Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities:	
Change in net assets	\$ 2,316,715
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	188,164
Operating lease expense	128,542
Contributions of investments	(169,890)
Realized and unrealized gain on investments	(294,024)
Changes in operating assets and liabilities:	
Grants receivable	13,561
Accounts receivable	(10,975)
Contributions receivable	6,566
Other receivables	(18,029)
Inventories	141,415
Accounts payable	39,166
Accrued compensation	26,065
Accrued vacation	9,516
Deferred revenue	(472,398)
Operating lease liabilities	(80,384)
Net cash provided by operating activities	<u>1,824,010</u>
Cash flows from investing activities:	
Proceeds from sales of investments	175,810
Purchases of investments and reinvested income	(261,340)
Purchases of property and equipment	<u>(1,393,626)</u>
Net cash used in investing activities	<u>(1,479,156)</u>
Net increase in cash	344,854
Cash and cash equivalents - beginning of year	<u>3,793,086</u>
Cash and cash equivalents - end of year	<u>\$ 4,137,940</u>
Supplemental schedule of non-cash financing activities:	
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 160,768

The accompanying notes are an integral part of these financial statements.

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 1: Nature of Business

The Food Bank Coalition of San Luis Obispo County (the Organization) is a nonprofit organization incorporated for charitable purposes as permitted under section 501(c)(3) of the Internal Revenue Code. The Organization's purpose is to acquire and provide surplus and salvageable food and commodities to qualified social service agencies and community groups serving the low income and unemployed in San Luis Obispo County. Major sources of revenue come from donated federal commodities, individual donations of cash and food, as well as grants from various governmental and non-profit organizations.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), which requires that revenues be recorded when earned and expenses be recorded when incurred.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional contribution receivable; or a notification of a beneficial interest is received. Conditional contributions receivable, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Additionally, revenue is derived from agencies who are asked to pay a small amount of shared maintenance costs on some food to help offset the cost of purchased food and the handling and distribution costs. This revenue is point of sale and recognized when the agency purchases the food or other commodities.

Cash and Cash Equivalents

For purposes of the statement of cash flow, the Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. At June 30, 2025, the Organization had \$1,362,734 in cash equivalents.

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Investments and Quasi-Endowment Investments

The Organization initially records marketable securities at acquisition cost if purchased and subsequently carries them at fair value. Donated investments are reported at fair value at the date of gift. Realized gains and losses on dispositions are based on the net proceeds and the adjusted carrying value of the securities sold. Net unrealized gains and losses represent the net change in fair value of the securities and are recorded as an increase or decrease to net assets.

The Organization maintains a quasi-endowment fund held at Charles Schwab. This is a Board-designated fund to support the fulfillment of the Organization's mission, current program needs, and long-term impact. As of June 30, 2025, this fund included \$3,668,308 in net assets without donor restrictions, and investment fees were \$0 for the year then ended.

The quasi-endowment is managed as follows:

Return Objectives and Risk Parameters:

The Organization has adopted investment and spending policies for quasi-endowment assets that attempt to maintain a prudent balance between preservation of capital and long-term growth as well as sufficient liquidity to provide for periodic disbursements to support the objectives of the quasi-endowment.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that balances a greater emphasis on equity-based investments to achieve its long-term rate-of-return objectives within prudent risk constraints along with an allocation to fixed income to provide certainty of return and tempering of volatility.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

To ensure a prudent balance between current program needs and long-term quasi-endowment purchasing power, a standard 3-5% distribution may be made at the beginning of each fiscal year based on the averaged balance of the trailing four quarters. On occasion, the Board of Directors may vote to increase the distribution. A two-thirds vote of the Board of Directors is required to increase distribution to 10% and a unanimous vote of the Board of Directors is required to increase the distribution to 50%.

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Grants Receivable and Allowance for Credit Losses

At each reporting date, the Organization recognizes an expected allowance for credit losses on grants receivable under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 326. In addition, this estimate is updated at each reporting date to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segments have remained constant since the Organization's inception.

The Organization writes off receivables when there is information that indicates the customer or donor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. At June 30, 2025, management believed that no allowance for credit losses was necessary.

Inventories

Inventories consisted of purchased and donated food and government commodities. At June 30, 2025, donated food and government commodities were recorded in inventory at \$1.72 per pound for shelf-stable foods and 96 cents per pound for produce. Donated non-food items were recorded at \$8.30 per pound. These are the values established by Feeding America, the nation's largest charitable hunger-relief organization, in which the Organization is an affiliate. Cost of donated food and government commodities was recorded based on pounds distributed at the annually established price per pound.

Purchased food was recorded in inventory at cost on a first in, first out basis.

Property and Equipment

Property and equipment are shown at cost or fair value on the date of acquisition or contribution. The Organization's policy is to capitalize fixed assets with a value of \$5,000 or more. Depreciation is recorded over their estimated useful lives using the straight-line depreciation method over five to 20 years, except for the building which is being depreciated over 31.5 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the statement of financial position and the resulting gain or loss is reflected in the statement of activities in the period realized. Maintenance and repairs are charged to operations as incurred.

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may from time to time designate a portion of this asset class for specific projects or activities. As of June 30, 2025, board-designated net assets totaled \$3,668,308, and were included in a quasi-endowment.
- *Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Leases

The Organization leases certain vehicles and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. In accordance with FASB ASU 2016-02, *Leases (Topic 842)*, the Organization considers a contract to be (or to contain) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. The Organization has elected the practical expedient for short-term leases with terms of 12 months or less.

For short-term leases, the Organization recognizes the lease payments in the income statement on a straight-line basis over the term of the lease.

Food Bank Coalition of San Luis Obispo County

Notes to Financial Statements

June 30, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

For leases with a lease term greater than one year, the Organization recognizes an asset for its right to use the underlying leased item, and a lease liability for the corresponding lease obligation. Operating leases with a duration greater than one year are included in right-of-use assets, current portion of operating lease liabilities, and operating lease liabilities, net of current portion, on the Organization's statement of financial position at June 30, 2025.

Right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, in accordance with its elected policy, the Organization uses the risk-free discount rate.

The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Company is reasonably certain to exercise the option, (2) terminate the lease if the Company is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

Right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. Management has determined that they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Contributions of Nonfinancial Assets

The Organization receives donations of time and services from members of the community and volunteers which are recorded in the financial statements if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Additionally, the Organization occasionally receives donations of nonfinancial assets. Donated fixed assets, materials, food items, and supplies are utilized directly by the Organization in its programs and are valued at their appraised values at the time of the bequest. Donated professional services are utilized in the Organization's management and administration and are valued at the standard hourly rates charged for those services. The

Food Bank Coalition of San Luis Obispo County

Notes to Financial Statements

June 30, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Organization received the following contributions of nonfinancial assets during the year ended June 30, 2025. There were no donor-imposed restrictions associated with these donations, except for the federal commodities, which are required to be distributed only to persons deemed eligible by the federal grantor.

Contributed food items	\$ 3,221,679
Contributed federal commodities	1,259,629
Contributed gift cards	29,400
Contributed professional services	20,580
Contributed fuel for deliveries	23,009
Contributed supplies	<u>7,342</u>
	<u>\$ 4,561,639</u>

Concentrations

Credit Risk:

The Organization maintains cash balances at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures interest bearing accounts at each institution up to \$250,000. At June 30, 2025 cash included \$2,061,020 in excess of FDIC insurance limits.

Major Contributors:

At June 30, 2025, three grantors accounted for 80% of grants receivable. Two grantors accounted for 28% of total revenues and support for the year ended June 30, 2025.

Fair Value Measurements

The Organization records its financial assets and liabilities at fair value in accordance with the Fair Value Measurements and Disclosures Topic of FASB ASC. This Topic provides a framework for measuring fair value, clarifies the definition of fair value and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. This Topic also establishes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

Food Bank Coalition of San Luis Obispo County

Notes to Financial Statements

June 30, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds and exchange traded funds: recorded at fair value based upon quoted market prices using Level 1 inputs.

This hierarchy requires the Organization to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The following sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money market funds				
pending investment	\$ 207,665	\$ -	\$ -	\$ 207,665
Mutual funds	4,160,006			4,160,006
Exchange traded funds	2,519,738			2,519,738
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total investments at fair value	<u>\$ 6,887,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,887,409</u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates and those difference could be material.

Functional Expense Allocations

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function.

Food Bank Coalition of San Luis Obispo County

Notes to Financial Statements

June 30, 2025

Note 2: Summary of Significant Accounting Policies (Continued)

Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include: occupancy, depreciation, insurance and interest, which are allocated on a square footage basis; salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort; and shared operating expenses such as information technology and utilities, which are allocated based on the number of personnel in each department.

Note 3: Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 4,137,940
Investments	3,219,101
Quasi-endowment investments	3,668,308
Grants receivable	491,025
Accounts receivable	10,975
Current contributions receivable	338
Other receivables	18,029
Less: net assets with purpose restrictions	<u>(128,575)</u>
	<u>\$ 11,417,141</u>

The current grants receivable of \$491,025 consist of contracts with the US Government under the Emergency Food Assistance program and other contracts administered by the State of California and the County of San Luis Obispo. The current accounts receivable balance consists of receivables from agency partners. The current contributions receivable balance consists of donor pledge amounts and collections are based upon donor commitments. These amounts are expected to be collected during the year ending June 30, 2025.

The Organization has investment policies which allow a portion of its cash to be invested based on its anticipated need or use. In practice, all of the Organization's cash has been placed in demand deposits or money market accounts at banks and other institutions.

The Organization's Board has designated a portion of its net assets without donor restrictions to establish a quasi-endowment that is discussed in Note 2. At June 30, 2025, the balance in that fund was \$3,668,308. If required to meet general expenditures, the Board could vote to allow those funds to be used for purposes other than what is currently allowed under the Board designation.

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 4: Investments and Quasi-Endowment Investments

At June 30, 2025, investments were carried at fair value and consisted of the following:

	<u>Investments</u>	<u>Quasi- Endowment Investments</u>	<u>Total</u>
Cash and money market funds pending investment	\$	\$ 207,665	\$ 207,665
Mutual funds	699,363	3,460,643	4,160,006
Exchange traded funds	2,519,738		2,519,738
	<u>\$ 3,219,101</u>	<u>\$ 3,668,308</u>	<u>\$ 6,887,409</u>

Quasi-Endowment Investments

The Organization’s quasi-endowment was established by the Board in September 2025 and is invested in mutual funds held at Charles Schwab. These funds are included in net assets without donor restrictions. The portfolio emphasizes growth and income-generation. Short-term losses are acceptable in return for a degree of long-term growth. The portfolio is primarily invested in equity funds, with a smaller portion in fixed income funds, but may be adjusted based on long-term trends in the market.

For the year ended June 30, 2025, changes in quasi-endowment net assets were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Quasi-endowment net assets - beginning of year	\$	\$	\$ -
Contributions	3,500,000		3,500,000
Investment return:			
Investment income, net of fees	207,664		207,664
Net depreciation (realized and unrealized)	(39,356)		(39,356)
Total investment return	<u>168,308</u>	<u>-</u>	<u>168,308</u>
Quasi-endowment net assets - end of year	<u>\$ 3,668,308</u>	<u>\$ -</u>	<u>\$ 3,668,308</u>

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 5: Inventories

At June 30, 2025, inventories consisted of the following:

Donated food	\$ 27,301
Purchased food	253,274
USDA commodities	<u>313,326</u>
Inventories	<u>\$ 593,901</u>

Note 6: Property and Equipment

At June 30, 2025, property and equipment consisted of the following:

Land	\$ 763,187
Building and improvements	4,840,809
Equipment	277,095
Vehicles	94,496
Computer hardware and software	<u>36,096</u>
	6,011,683
Less accumulated depreciation	<u>(1,144,669)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 4,867,014</u>

Depreciation expense was \$188,164 for the year ended June 30, 2025.

Note 7: Leases

As of June 30, 2025, the Organization leased six refrigerated vehicles for food delivery under various operating leases maturing through September 2031. The minimum monthly payments on five of these leases were fully prepaid by the Organization as of June 30, 2025, however the Organization must still pay additional charges based on mileage during the lease terms. The sixth lease is fully prepaid through October 2028, at which time one additional payment of \$80,384 is due. A right-of-use asset balance for these leases of \$421,555 is included in other assets on the statement of financial position, and a related lease liability of \$80,385 is included in long-term liabilities. Operating lease expense was \$128,542 for the year ended June 30, 2025, and is included in vehicle operating lease and related expenses on the Statement of Functional Expense.

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 7: Leases (Continued)

Additional quantitative information about the Organization’s operating leases are as follows:

Other Information

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 80,384
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 160,768
Weighted-average remaining lease term in years for operating leases	6.25
Weighted-average discount rate for operating leases	0.00%

Note 8: Endowment to Support Food Acquisition and Distribution

The County of San Luis Obispo established an endowment with the San Luis Obispo County Community Foundation (the Foundation) of \$500,000 during 2004. The primary purpose of the endowment is to make annual grants to the Organization in order to support programs that provide food or other services that reduce hunger for those in need in San Luis Obispo County. The Foundation’s Board retains control over the endowment principal and distributions and this endowment is not recorded in the Organization’s financial statements. Currently, the Organization receives annual distributions of \$20,000 or 5% of the fair market value of the endowment, whichever is greater, until the funds are fully distributed. During the year ended June 30, 2025, \$25,462 was distributed from the endowment to the Organization. The endowment fair market value was approximately \$539,752 at June 30, 2025.

Note 9: Commitments

The Organization has a contractual Affiliate Food Bank agreement with Feeding America. The agreement improves the capacity of the Organization to provide solutions to the problem of hunger in America. Under the terms of the agreement, the Organization is required to maintain certain financial covenants, which they complied with for the year ended June 30, 2025. The Organization can terminate the agreement by a written notice 30 days in advance subject to the termination provisions as defined by the agreement. Feeding America can terminate the agreement with cause as provided by the compliance standards per the agreement.

Food Bank Coalition of San Luis Obispo County
Notes to Financial Statements
June 30, 2025

Note 10: Designations and Restrictions on Net Assets

At June 30, 2025, the Organization had the following net assets without donor restrictions:

Undesignated	\$ 13,216,158
Quasi-endowment	<u>3,668,308</u>
	<u>\$ 16,884,466</u>

At June 30, 2025, the Organization had the following net assets with donor restrictions:

Purpose restrictions:	
CalFresh purchases	\$ 57,128
Breakfast bags	26,500
Food procurement - general	20,000
Children's farmers' markets	10,000
Seniors' farmers' markets	10,000
Food procurement - culturally appropriate	<u>4,947</u>
	<u>\$ 128,575</u>

Note 11: Subsequent Events

Events subsequent to June 30, 2025 have been evaluated through December 22, 2025, which is the date the financial statements were available to be issued. Management identified no subsequent events requiring disclosure.

Federal Awards

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of
Food Bank Coalition of San Luis Obispo County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Food Bank Coalition of San Luis Obispo County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Food Bank Coalition of San Luis Obispo County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Food Bank Coalition of San Luis Obispo County's internal control. Accordingly, we do not express an opinion on the effectiveness of Food Bank of San Luis Obispo County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
Food Bank Coalition of San Luis Obispo County
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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Food Bank Coalition of San Luis Obispo County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Glenn Burdette Attest Corporation
San Luis Obispo, California

December 22, 2025

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of
Food Bank Coalition of San Luis Obispo County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Food Bank Coalition of San Luis Obispo County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Food Bank Coalition of San Luis Obispo County's major federal programs for the year ended June 30, 2025. Food Bank Coalition of San Luis Obispo County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

In our opinion, Food Bank Coalition of San Luis Obispo County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Food Bank Coalition of San Luis Obispo County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Food Bank Coalition of San Luis Obispo County's compliance with the compliance requirements referred to above.

Board of Directors

Food Bank Coalition of San Luis Obispo County

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Food Bank Coalition of San Luis Obispo County's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Food Bank Coalition of San Luis Obispo County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Food Bank Coalition of San Luis Obispo County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Food Bank Coalition of San Luis Obispo County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Food Bank Coalition of San Luis Obispo County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Food Bank Coalition of San Luis Obispo County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Glenn Burdette Attest Corporation
San Luis Obispo, California

December 22, 2025

Food Bank Coalition of San Luis Obispo County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN	Pass-through ID Number	Federal Expenditures
US Department of Agriculture			
Passed through California Department of Social Services			
<u>COVID-19</u> : Pandemic Relief Activities:			
Local Food Purchase Agreements	10.182	22-7725	\$ 14,595
Emergency Food Assistance Program			
(Commodity Credit Corporation)	10.187	Agreement 23-7030	97,697
Food Distribution Cluster:			
Passed through California Department of Social Services			
Emergency Food Assistance Program			
(Administrative Costs)	10.568	MOU-22-00140	239,421
Emergency Food Assistance Program			
(Reach & Resiliency)	10.568	MOU-22-00140	124,164
Emergency Food Assistance Program			
(Food Commodities)	10.569	MOU-22-00140	<u>1,259,629</u>
Total Food Distribution Cluster			<u>1,623,214</u>
Total US Department of Agriculture			<u><u>1,735,506</u></u>
US Department of the Treasury			
Passed through County of San Luis Obispo			
<u>COVID-19</u> : Coronavirus State and Local Fiscal			
Recovery Funds:			
CalFresh Outreach Project	21.027		<u>335,754</u>
Total US Department of the Treasury			<u><u>335,754</u></u>
Total expenditures of federal awards			<u><u>\$ 2,071,260</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

Food Bank Coalition of San Luis Obispo County
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1: Basis of Presentation

The purpose of the accompanying schedule of expenditures of federal awards (the schedule) is to present a summary of those activities of Food Bank Coalition of San Luis Obispo County (the Organization) for the year ended June 30, 2025, which have been financed by federal awards. For purposes of the schedule, federal awards include all federal grants received directly from the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the schedule presents only a selected portion of the activities of the Organization, it is not intended to and does not present either the financial position or changes in net position of the Organization.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in the basic financial statements.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credit made in the normal course of business to amounts reported as expenditures in prior years. There were no sub-recipients for the year ended June 30, 2025.

Note 3: Indirect Cost Rate

The Organization has not elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance, but rather the rates established directly with the respective federal agencies.

Food Bank Coalition of San Luis Obispo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I: Summary of Auditors' Results

Financial Statements

- (a) Type of auditors' report issued on financial statements: **Unmodified.**
- (b) Internal control over financial reporting:
- Material weakness(es) identified: **No.**
 - Significant deficiencies identified not considered to be material weaknesses: **None reported.**
- (c) Noncompliance material to financial statements noted: **No.**

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified: **No.**
 - Significant deficiencies identified not considered to be material weaknesses: **None reported.**
- (e) Type of auditors' report issued on compliance for major programs: **Unmodified.**
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516a: **No.**
- (g) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- (h) Major program(s):
- Emergency Food Assistance Program (10.568 & 10.569)
- (i) Auditee qualified as low-risk auditee: **Yes.**

Food Bank Coalition of San Luis Obispo County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025
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**Section II: Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance with Generally Accepted *Government Auditing Standards***

None.

Section III: Findings and Questioned Costs for Federal Awards

None.